



The Arizona Department of Housing 2018 Information Bulletin

REGARDING PROGRAMS: Rental Development

REGARDING FUNDING SOURCES: Low Income Housing Tax Credit (LIHTC)

INFORMATION BULLETIN No. 23-18

ISSUED: June 15, 2018

RE: Income Averaging Election

The Consolidated Appropriations Act of 2018 permanently establishes income averaging as a third minimum set-aside election for new Low Income Housing Tax Credit developments which owners could choose in lieu of the two previously existing minimum set-aside elections (the 40% at 60% AMI and 20% at 50% AMI standards). Income averaging allows LIHTC-qualified units to serve households earning as much as 80 percent of Area Median Income (AMI), so long as the average income/rent limit in the property is 60 percent or less of AMI. Owners electing income averaging must commit to having at least 40 percent of the units in the property affordable to eligible households.

A redline of the pertinent language is attached to this Information Bulletin for reference. Several accounting firms and the National Council of State Housing Agencies have also published information on their websites regarding income averaging.

The Arizona Department of Housing (the "Department") will not be implementing the income averaging set-aside election for Projects awarded through QAPs that have already been published, but is seeking input through its 2019 QAP public participation process as it determines whether to implement the income averaging set-aside election, and if implemented, how it would be incorporated in the 2019 Qualified Allocation Plan ("QAP"). The QAP is the document which governs the allocation and use of Low Income Housing Tax Credits in accordance with Section 42 of the Internal Revenue Code of 1986, as amended.

On June 6, 2018 the Department opened the comment period to request input for the 2019 QAP. All comments received by July 13, 2018 at 5:00 pm, including comments regarding income averaging, will be considered in formulating the first draft of the 2019 QAP. In order for comments to be considered in its first draft of a 2019 QAP, please provide them in writing via letter or email to either of the following addresses:

Table with 2 columns: By Mail (Jeanne Redondo, Rental Programs Administrator, Arizona Department of Housing, 1110 W. Washington Street, Ste. 280, Phoenix, AZ 85007) and By E-Mail (rental-qap@azhousing.gov, Note: QAP-Comments@azhousing.gov is no longer a valid email address.)

The 2018 QAP and Clarifications to the 2018 QAP can be found on the ADOH website: https://housing.az.gov/documents-links/forms/rental-development-lihtc

A draft of the 2019 QAP will be made available by August 3, 2018 at the following link: https://housing.az.gov/documents-links/forms/rental-development-lihtc

